

Public Gas Company
220 Lexington Green, Bldg 2, Suite 130
P.O. Box 24032
Lexington, KY 40524-4032
Tele (859) 245-8193

September 27, 2007

Ms. Beth O'Donnell
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

RECEIVED
SEP 27 2007
PUBLIC SERVICE
COMMISSION

RE: Public Gas Company
Case No.
GCR Filing Proposed to Become
Effective November 1, 2007

Case No. 2007-00423

Dear Ms. O'Donnell:

Enclosed are an original and five copies of Public Gas Company's Cost Recovery (GCR) filing for rates proposed to become effective November 1, 2007. Also included are an original and five copies of 43rd revised sheet No. 1 of Public's PSC Kentucky No. 1 Tariff, which is being filed pursuant to the Purchased Gas Adjustment provision of that Tariff.

This filing proposes a GCR rate of \$9.2912 per MCF of sales.

Sincerely,



Bert R. Layne

Public Gas Company

Quarterly Report of Gas Cost
Recovery Rate Calculation

Date Filed: September 27, 2007

Date Rates to be Effective: November 1, 2007

Reporting Period is Calendar Quarter Ended: January 31, 2008

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	9.0987
+ Refund Adjustment (RA)	\$/Mcf	
+ Actual Adjustment (AA)	\$/Mcf	.1925
+ Balance Adjustment (BA)	\$/Mcf	
= Gas Cost Recovery Rate (GCR)		9.2912

GCR to be effective for service rendered from November 1, 2007 to January 31, 2008

<u>A.</u>	<u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Total Expected Gas Cost (Schedule II)	\$	
÷	Sales for the 12 months ended _____	Mcf	
=	Expected Gas Cost (EGC)	\$/Mcf	
<u>B.</u>	<u>REFUND ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Supplier Refund Adjustment for Reporting Period (Sch.III)		
+	Previous Quarter Supplier Refund Adjustment	\$/Mcf	
+	Second Previous Quarter Supplier Refund Adjustment	\$/Mcf	
+	Third Previous Quarter Supplier Refund Adjustment	\$/Mcf	
=	Refund Adjustment (RA)	\$/Mcf	
<u>C.</u>	<u>ACTUAL ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Actual Adjustment for the Reporting Period (Schedule IV)	\$/Mcf	(.0012)
+	Previous Quarter Reported Actual Adjustment	\$/Mcf	.3846
+	Second Previous Quarter Reported Actual Adjustment	\$/Mcf	(.1617)
+	Third Previous Quarter Reported Actual Adjustment	\$/Mcf	(.0292)
=	Actual Adjustment (AA)	\$/Mcf	.1925
<u>D.</u>	<u>BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Balance Adjustment for the Reporting Period (Schedule V)	\$/Mcf	
+	Previous Quarter Reported Balance Adjustment	\$/Mcf	
+	Second Previous Quarter Reported Balance Adjustment	\$/Mcf	
+	Third Previous Quarter Reported Balance Adjustment	\$/Mcf	
=	Balance Adjustment (BA)		

SCHEDULE II

EXPECTED GAS COST

Actual * MCF Purchases for 12 months ended April 30, 2007

(1) Supplier	(2) Dth	(3) BTU Conversion Factor	(4) Mcf	(5)** Rate	(6) (4) X (5) Cost
Gas Purchases		Mcfs	Rate	Sales Mcfs	
05/31/06		3,902	9.0987	3,793	
06/30/06		2,211	9.0987	2,158	
07/31/06		1,504	9.0987	1,480	
08/31/06		1,569	9.0987	1,537	
09/30/06		1,760	9.0987	1,717	
10/31/06		5,899	9.0987	5,774	
11/30/06		13,017	9.0987	12,750	
12/31/06		16,092	9.0987	15,715	
01/31/07		20,953	9.0987	20,435	
02/28/07		26,788	9.0987	26,111	
03/31/07		12,050	9.0987	11,774	
04/30/07		9,131	9.0987	8,956	
Totals		114,876		112,200	

Line loss for 12 months ended April 30, 2007 is 2.33% based on purchases of 114,876 Mcf and sales of 112,200 Mcf.

	<u>Unit</u>	<u>Amount</u>
Total Expected Cost of Purchases (6)	\$	
÷ Mcf Purchases (4)	Mcf	
= Average Expected Cost Per Mcf Purchased	\$/Mcf	
x Allowable Mcf Purchases (must not exceed Mcf sales ÷ .95)	Mcf	
= Total Expected Gas Cost (to Schedule IA)	\$	

*Or adjusted pursuant to Gas Cost Adjustment Clause and explained herein.

**Supplier's tariff sheets or notices are attached.

\$9.0987 Per Attached Schedule

Jefferson Gas, LLC

09/27/07

Expected gas price, November 2007, December 2007, and January 2008.

Public Gas has asked for an estimate of their gas price for the months of November and December 2007, and January 2008.

	Gas price* to Public Gas
November 2007	8.42
December 2007	8.98
January 2008	9.26

*Jefferson Gas purchases gas from various producers based on the NYMEX futures price. This index changes daily, and has been somewhat volatile in the past. Therefore, gas may be more or less than indicated above, depending on the actual NYMEX price for the periods indicated above. The above estimated gas prices were derived from the NYMEX futures prices issued by the NYMEX web site on September 25, 2007.

8.4200 +
8.9800 +
9.2600 +
26.6600 *

26.6600 ÷
3.0000 =
8.8867 +

8.8867 *

8.8867 ÷
0.9767 =
9.0987 +

9.0987 *

SCHEDULE III
SUPPLIER REFUND ADJUSTMENT

Details for the 3 months ended (reporting period)

<u>Particulars</u>	<u>Unit</u>	<u>Amount</u>
Total supplier refunds received	\$	
+ Interest	\$	
<hr/>		<hr/>
= Refund Adjustment including interest	\$	
÷ Sales for 12 months ended	Mcf	
<hr/>		<hr/>
= Supplier Refund Adjustment for the Reporting Period (to Schedule IB.)	\$/Mcf	

SCHEDULE IV

ACTUAL ADJUSTMENT

For the 3 month period ended

July 31, 2007

<u>Particulars</u>	<u>Unit</u>	<u>Month 1 (May 07)</u>	<u>Month 2 (Jun 07)</u>	<u>Month 3 (Jul 07)</u>
Total Supply Volumes Purchased	Mcf	3,744	2,202	2,254
Total Cost of Volumes Purchased	\$	34,407.36	20,082.24	18,370.10
÷ Total Sales (may not be less than 95% of supply volumes)	Mcf	3,647	2,147	2,187
= Unit Cost of Gas	\$/Mcf	9.4344	9.3536	8.3997
- EGC in effect for month	\$/Mcf	9.1462	9.1462	9.1462
= Difference [(over-)/Under-Recovery]	\$/Mcf	0.2882	0.2074	(0.7465)
x Actual sales during month	Mcf	3,647	2,147	2,187
= Monthly cost difference	\$	1,051.07	445.29	(1,632.60)
			<u>Unit</u>	<u>Amount</u>
Total cost difference (Month 1 + Month 2 + Month 3)			\$	(136.24)
÷ Sales for 12 months ended April 30, 2007			Mcf	112,200
Actual Adjustment for the Reporting Period (to Schedule IC.)			\$/Mcf	(.0012)

SCHEDULE V
BALANCE ADJUSTMENT

For the 3 month period ended _____ (reporting period)

	<u>Particulars</u>	<u>Unit</u>	<u>Amount</u>
(1)	Total Cost Difference used to compute AA of the GCR effective four quarters prior to the effective date of the currently effective GCR	\$	_____
	Less: Dollar amount resulting from the AA of _____ \$/Mcf as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of _____ Mcf during the 12-month period the AA was in effect.	\$	_____
	Equals: Balance Adjustment for the AA.	\$	_____
(2)	Total Supplier Refund Adjustment including interest used to compute RA of the GCR effective four quarters prior to the effective date of the currently effective GCR.	\$	_____
	Less: Dollar amount resulting from the RA of _____ \$/Mcf as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of _____ Mcf during the 12-month period the RA was in effect.	\$	_____
	Equals: Balance Adjustment for the RA	\$	_____
(3)	Total Balance Adjustment used to compute BA of the GCR effective four quarters prior to the effective date of the currently effective GCR	\$	_____
	Less: Dollar amount resulting from the BA of _____ \$/Mcf as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of _____ Mcf during the 12-month period the BA was in effect.	\$	_____
	Equals: Balance Adjustment for the BA.	\$	_____
	Total Balance Adjustment Amount (1) + (2) + (3)	\$	_____
÷	Sales for 12 months ended _____	Mcf	_____
=	Balance Adjustment for the Reporting Period (to Schedule ID.)	\$/Mcf	_____

FOR Entire Service Area
Community, Town or City
1
P.S.C. KY. NO. _____
43rd Revised SHEET NO. 1
1
CANCELLING P.S.C. KY. NO. _____
42nd Revised SHEET NO. 1
1

Public Gas Company

(Name of Utility)

RATES AND CHARGES

Applies to: All Customers

Rate, Monthly:

			Base Rate	Gas Cost	Rate per Unit (Mcf)
First	0 to 1 Mcf	Minimum Bill	3.2705	9.2912	12.5617
All Over	1 Mcf		2.1505	9.2912	11.4417

DATE OF ISSUE September 27, 2007

Month / Date / Year

DATE EFFECTIVE November 1, 2007

Month / Date / Year

ISSUED BY Bert R. Layne

(Signature of Officer)

TITLE Treasurer

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. _____ DATED _____